

USAWC STRATEGY RESEARCH PROJECT

PROMOTING STABILITY AND SECURITY IN VENEZUELA

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## ABSTRACT

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It is in the national interest of the U.S. to effectively promote liberty, freedom and democracy within the world and especially in its own region - the Americas. Venezuela is a democratic country in this region that is facing a critical period of political instability with serious impacts on the economy and security of Venezuela and the rest of the region. The purpose of this paper is to describe the situation in Venezuela, explain and analyze the current U.S. policy toward this country and make broad recommendations for a path forward to ensure that the U.S. is effectively and efficiently using all its elements of national power to promote political stability and security in Venezuela.



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## PROMOTING STABILITY AND SECURITY IN VENEZUELA

The purpose of this paper is to describe the situation in Venezuela, explain and analyze the current U.S. policy toward this country and recommend a path forward to ensure that the U.S. is effectively and efficiently using all its elements of national power to promote stability and security in Venezuela. It is in the U.S.'s national interest to effectively promote liberty, freedom and democracy within the world and especially in its own region – the Americas. Venezuela is a democratic country in this region that is facing a crisis of political and economic instability. The U.S. faces a difficult situation because although it wants to promote stability, security and economic prosperity in Venezuela, it doesn't want to strengthen the Chavez regime with its pro-Castro, increasingly authoritarian and fiscally irresponsible policies. The U.S. must find effective ways to support long term security, economic growth and democratic processes in Venezuela.

This paper will describe the current situation in Venezuela, including the political situation, the military, the economy, international relations, regional security and Venezuela's national interests. It will then describe and analyze current U.S. policy with respect to Venezuela including U.S. national interests and objectives. It will conclude with alternate courses of action and make broad recommendations for a path forward for the U.S. These recommendations could be the starting point for an interagency working group to develop a much more detailed plan, which is beyond the scope of this paper.

### HISTORY AND BACKGROUND

In order to understand the situation in Venezuela today, it is important to understand key elements of the country's history and culture – how it got to where it is now. Venezuela was established as a Spanish colony in the 16<sup>th</sup> century. Near the end of the 18<sup>th</sup> century, Venezuelans started to become dissatisfied with Spanish colonial rule. This culminated in 1821, when Venezuela achieved independence from Spain under the leadership of Simon Bolivar.<sup>1</sup> Although independent, Venezuela struggled against anarchy, dictatorship, armed revolt and poverty for a period of more than a century before a representative form of government that most would describe as democratic effectively took hold in 1958. In December of that year, an orderly and honest election replaced a military junta with President Betancourt of the AD (Acción Democrática or Democratic Action) party.<sup>2</sup> Since that time, Venezuela has enjoyed a period of civilian democratic rule and has earned a reputation as one of the more stable democracies in Latin America.<sup>3</sup>

Venezuela today is a country of 25 million people, largely of mestizo (mixed European and American Indian) ancestry, located on the northern end of South America. A vast majority of the

population lives in the cities of the northwest region of the country where the Andes Mountains flatten out to form plateaus on the coast of the Caribbean Sea. To the west of that spur lies the Lake Maracaibo basin, center of this country's rich on-shore oil deposits.<sup>4</sup> Only five percent of Venezuela's population lives in the half of the country south of the Orinoco River, where there are large deposits of iron ore, gold and bauxite.<sup>5</sup> Venezuela shares borders with Colombia to the west, Brazil to the south and Guyana to the East.

## **ECONOMY**

Venezuela's economy is fairly large compared to most other Latin American states, but it is heavily dependent on the petroleum industry. Venezuela has a gross domestic product (GDP) of approximately \$95 billion. Approximately one third of that is from the petroleum industry and 14% is from manufacturing, including iron and steel, paper, aluminum and textiles. Exports in 2002 totaled \$26.2 billion, of which petroleum accounted for \$19.0 billion, or about 73%. (Venezuela is a founding member of OPEC, the Organization of Petroleum Exporting Countries.) The Government of Venezuela (GOV) gets most of its revenues from oil exports. Imports total about \$12.3 billion and include machinery and transportation equipment, manufactured goods and construction material.<sup>6</sup>

The U.S. is Venezuela's leading trading partner. The U.S. buys 43% of Venezuela's exports and provides about 33% of Venezuela's imports.<sup>7</sup> Since Venezuela opened its petroleum sector to foreign investment in 1996, many U.S. companies have invested in this area.<sup>8</sup> Venezuela is the fourth-leading supplier of imported crude oil and refined petroleum products to the U.S., providing 12% of imported oil. Venezuela imports approximately two-thirds of its agricultural products, about half of them (\$350 million per year) from the U.S.<sup>9</sup>

## **POLITICAL SITUATION**

Although Venezuela has a tremendous potential for wealth and prosperity, this country faces several major issues that combine to threaten its future. Probably most important is what Ambassador John Maisto, U.S. Permanent Representative to the Organization of American States (OAS), calls the current "political crisis."<sup>10</sup>

This situation has been developing since 1989, when the relative calm of the political situation in Venezuela was broken by a series of riots in response to an economic austerity program instituted by President Carlos Andres Perez. More than 200 people were killed during these riots. This was followed in 1992 by two unsuccessful coup attempts, one led by then Lieutenant Colonel Hugo Chavez. Chavez was convicted for his actions, but subsequently pardoned by President Perez.<sup>11</sup> President Perez was impeached on corruption charges in

1993. During this period, dissatisfaction with the country's traditional party system (dominated by the AD and COPEI (Social Christian) parties), income disparities and a struggling economy became very important issues.<sup>12</sup>

In December 1998, Hugo Chavez successfully ran for president as leader of the left-wing populist Fifth Republic Movement (MVR) party. He argued that the existing political system had become isolated from the people and called for a "Bolivarian Revolution" with broad reforms and constitutional changes to raise the standard of living of the country's poor and working classes and crack down on corruption. Chavez led the effort to draft a new constitution that was approved by a national referendum in December 1999.<sup>13</sup> Although this new constitution gives significantly greater power to the office of the president,<sup>14</sup> it is generally viewed as democratic.

In July 2000, elections were held under the new constitution. President Chavez retained the presidency by a significant margin and his party formed a coalition majority in the legislature. Political tensions continued to grow as more people became dissatisfied with the lack of economic improvement in the country despite significant policy changes by Chavez. The situation boiled over in April 2002 when 400,000-600,000 people marched in the capital city of Caracas demanding Chavez's resignation. Gunfire broke out and the military took President Chavez into custody for a short time until loyal troops returned him to power.<sup>15</sup>

The political and economic situation further degraded in December 2002 when workers protesting against the GOV led a national work stoppage that lasted nearly two months and included the critical oil industry. Intervention by the Organization of American States (OAS), the United Nations Development Program (UNDP) and the Carter Center facilitated a peaceful resolution to the crisis that included a recall referendum on the remaining tenure of President Chavez's six year term in office as outlined in the Venezuelan constitution.<sup>16</sup> After a great deal of controversy over the process, the referendum was finally held on 15 August 2004 and President Chavez retained his office with 59% of the vote. Although regarded as generally free, fair and without systemic fraud, the referendum process was criticized by the Carter Center and the U.S. Ambassador to the OAS as fraught with many problems, including a climate of fear and intimidation, improper state use of the media to influence the process and a lack of free access for international observers to the referendum process.<sup>17</sup>

Chavez's political opposition is an umbrella organization called the Democratic Coordinating Instance (Coordinadora Democratica, CD). It is a group of approximately 40 groups that have only one thing in common – their opposition to Chavez. CD sponsored the two-month strike in hopes of eroding support for Chavez, but, in fact, Chavez's support actually

increased after the strike in apparent backlash for the economic damage that was done, especially to the poor.<sup>18</sup>

On 31 October 2004, Venezuela held gubernatorial and mayoral elections nationwide and pro-Chavez candidates won control of 20 of the 23 state governor positions.<sup>19</sup> CD's losses in both the referendum and the October elections demonstrate that CD has failed to unify Chavez's opponents and provide the people of Venezuela with a vision of what they could expect if Chavez is defeated.

Since his election in 1998, President Chavez has become more leftist and very anti-U.S. as reflected in many of his administration's policies. Some believe Chavez aspires to replace Fidel Castro as the leader of Latin America's radical left and that he is determined to unite the region against the U.S. and the democratic processes and free market systems that the U.S. supports.<sup>20</sup> Venezuela provides oil to Cuba at prices well below commercial value, apparently in order to strengthen this relationship and get Cuban support in several areas. There are many Cubans working in Venezuela, including hundreds of Cuban "volunteers" recruited by Chavez to provide literacy and health care programs for the poor.

Within Venezuela, Chavez and his administration have taken a number of alarming actions in recent months that indicate he is continuing to strengthen his power and advance his left-wing, populist agenda. In December, twelve new justices were added to the country's Supreme Court system, increasing the number of justices from 20 to 32. Along with five others who are replacements for justices who have either been fired or resigned, all of these new justice positions were filled by Chavez sympathizers. This "packing" of the Supreme Court means that Chavez and his MVR party now have strong control of both the executive and legislative branches and a slim majority in the legislature.<sup>21</sup> A new penal code has extended the penalty for libel from 18 to 48 months in prison and for slander against public officials from eight days to one year. It also criminalizes some common forms of political protest, such as banging pots and pans in public, called the "cacerolazo".<sup>22</sup> Another startling development happened in January 2005 when Venezuelan soldiers seized a large, foreign-owned cattle ranch under President Chavez's "war against estates" initiative. Chavez signed a decree announcing the intention to seize many other large farms and ranches that the GOV have identified as unproductive.<sup>23</sup>

In addition to his left-wing policies in Venezuela, Chavez apparently supports narco-terrorists and other extremist destabilizing groups in neighboring countries and elsewhere in Latin America. President Chavez has refused to condemn illegal armed groups in Colombia, such as the Revolutionary Armed Forces of Colombia (FARC), and has extended some

legitimacy to them and even harbored some FARC leaders in Venezuela in defiance of Colombia and the U.S. Press reports link Chavez to leaders of a leftist group in Bolivia who led an uprising that forced elected Bolivian President Gonzalo Sanchez de Lozada from office in October 2003. Other reports state that Venezuelan troops urged earthquake victims in El Salvador to support the leftist Farabundo Marti' National Liberation Front in 2001. Chavez's MVR party is allied with Foro de Sao Paulo, an organization of leftist political parties and guerilla organizations from around the region, based in Brazil.<sup>24</sup>

With less than two years remaining in his current term in office, President Chavez leads a country that is sharply divided. Although elected as a reformer with a broad mandate by the people to close the substantial and long-standing gap between the haves and have-nots in Venezuela, Chavez's actions seem to have had the opposite effect. Chavez does not enjoy the support of business leaders, the traditional power brokers of the country, who stand to lose significantly if Chavez is successful in shifting wealth from them to the poor who make up a majority of the population. The working class has grown impatient with Chavez's lack of progress and labor unions have joined business leaders in opposition to Chavez.<sup>25</sup> Chavez's most loyal supporters are among the country's urban poor, the fastest growing segment of Venezuelan society.<sup>26</sup>

This recent political instability has had serious effects on the Venezuelan economy, including sharp drops in gross domestic product and investment. The economy has been in a depression for more than two years. Inflation was 31% in 2002<sup>27</sup> and 41% in 2003.<sup>28</sup> Unemployment is also fairly high at 16%-18%.<sup>29</sup> There is considerable income inequality in Venezuela, with somewhere between 50 and 65% of the population living in poverty.<sup>30</sup> The research institute AEI estimates that 43% of Venezuelans live in extreme poverty in households earning less than \$173 each month.<sup>31</sup> The middle class is fast disappearing due to worsening economic conditions and emigration and the polarization between rich and poor is increasing.<sup>32</sup> Crime is rising in Venezuela, fueled by the deteriorating economy and incompetence and corruption among the police forces. This is posing a significant threat to human rights within the country and is chasing away foreign investment.<sup>33</sup>

This political and economic instability in Venezuela has also had a negative impact in the U.S. During and after the period of the national strike in Venezuela, oil prices rose by approximately one-third, or about \$10/barrel. Although there were other contributing factors to this price increase, including preparation for Operation Iraqi Freedom, cold winter weather in the U.S. and unrest in Nigeria, the strike and uncertainty of future production in Venezuela was a significant factor.<sup>34</sup>

## **MILITARY AND SECURITY**

Venezuela's military consists of 87,500 personnel in four branches – Army, Navy (including Marine Corps), Air Force and the Armed Forces of Cooperation (National Guard).<sup>35</sup> The military is generally professional and well-trained and has good relations with other military forces in the region. President Chavez conducted an extensive purge of his enemies from the top ranks of the military after the 2002 coup attempt, but there are still those in the military who oppose him and his political ideas. While visiting Moscow in December 2004, President Chavez announced that Venezuela will buy up to \$5 billion worth of Russian arms, including dozens of MiG-29 fighter jets, 40 military helicopters and 100,000 assault rifles.<sup>36</sup> Such a purchase would send a dangerous signal to both the U.S. and neighbors in Latin America about Venezuela's future military intentions.

Security continues to be a challenge in the Andean region and Venezuela is no exception. Although organized terrorist activity has actually declined in the last decade, two Colombian Guerilla groups (FARC and the National Liberation Army, ELN) have been implicated in kidnappings within Venezuela in the border region with Colombia.<sup>37</sup> The movement of Colombian cocaine, heroin and marijuana through Venezuela is growing rapidly, partly because of the successful programs that the U.S. is supporting in Colombia to combat the illegal drug trade there.<sup>38</sup> Venezuela is now third behind Colombia and Mexico as a shipping point for illegal drugs into the U.S. The growth of drug-trafficking and money laundering increases the risk of corruption of politicians and security forces by the drug traffickers.<sup>39</sup>

## **NATIONAL INTERESTS**

In order to further understand the relationship between Venezuela and the U.S., it is important to understand both countries' national interests and to identify those that are shared. The U.S. State Department identifies the following Venezuelan national interests that are relevant in the areas of foreign policy and international relations: respect for human rights; the right of all people for self-determination; nonintervention in the internal affairs of other nations; peaceful settlement of international disputes; peace and security; and support for democracy.<sup>40</sup> Clearly, economic growth and stability are also important Venezuelan interests.

There are three broad categories of national interests for the U.S.: physical security, promotion of U.S. values and economic prosperity.<sup>41</sup> The National Security Strategy identifies specific U.S. interests and objectives from each of these areas that are relevant to the situation in Venezuela, including: defending human dignity by promoting freedom and democratic institutions; strengthening alliances to diminish the underlying conditions that spawn terrorism;

combating terrorist cells in regions such as South America; promoting democracy, security, prosperity, opportunity and hope in the Western Hemisphere through regional organizations and processes such as the OAS and the Summit of the Americas; defusing regional conflict in the Andean region by using an active strategy to combat drug cartels; promoting global economic growth through economic engagement and market economies; and expanding development in other countries to help unleash the productive potential of individuals.<sup>42</sup>

These interests are further supported by specific State Department policy, which includes the following major U.S. interests in Venezuela: preservation of Venezuela's constitutional democracy; continuation of Venezuela's economic reform program; closer counter-narcotics cooperation; promotion of U.S. exports and protection of U.S. investments; and continued access to a leading source of petroleum.<sup>43</sup>

By looking past the obvious disagreements with the current GOV administration and comparing the stated interests of the U.S. and Venezuela, one can see that the two countries share many common interests. The most important national interests for the U.S. in Venezuela are peace and security, followed by freedom and democracy, followed by a strong and stable Venezuelan economy. By supporting these interests, the U.S. sets the conditions to pursue other interests, such as regional stability, combating terrorism and drug-trafficking and maintaining the free flow of petroleum and other trade between the U.S. and Venezuela.

In spite of having so many common interests, official relations between the U.S. and the Chavez administration are not healthy. Public perception in Venezuela is that the U.S. wants President Chavez out of power and Chavez uses this to rally support for his regime. He has maintained that the U.S. was involved in the April 2002 coup attempt and he was not happy with the U.S.'s position supporting the recall referendum effort. The U.S. was even implicated by a Venezuelan official in a bombing at a military facility in September 2003. President Chavez himself has charged that terrorists are training in the U.S. to launch a coup and assassinate him.<sup>44</sup> It is hard to know how sincere those charges are and how much is just rhetoric designed to appeal to his gullible base of support among Venezuela's poor.

## **U.S. POLICY AND OBJECTIVES**

Analysis of current U.S. policy (ways, means and ends) in Venezuela shows that U.S. policy generally supports the important national interests outlined above. As an example, former Secretary of State Powell made a statement in May 2004 as the recent recall referendum process was underway. He made it clear that the U.S. supports a peaceful and democratic solution to the political impasse in accordance with the Venezuelan constitution. He



encouraged the people to resolve their differences peacefully to make their country stronger and encouraged the GOV to support a fair and credible process without fear and intimidation. He also called upon the OAS and the Carter Center to promote greater transparency and credibility in the referendum process.<sup>45</sup>

According to a July 2002 statement issued by the State Department, the U.S. is expanding its ongoing efforts to strengthen democratic institutions and foster dialogue in Venezuela. USAID will develop and fund programs designed to promote the peaceful resolution of political differences and respect for the rule of law and to strengthen the capacity of political parties and civil society to participate in dialogue. These activities will reach across the political spectrum and will be carried out by non-governmental organizations. USAID will not fund or support any political party in the GOV or the opposition. These efforts will be in cooperation with the international community.<sup>46</sup>

The two main ways that the U.S. has been engaged with the Venezuelan military in the past has been through International Military Education and Training (IMET) and counter drug operations in the region. For many years, the U.S. government has conducted training of Venezuelan military forces under the IMET program both in the U.S. and in Venezuela. At the U.S. Army War College, a senior Venezuelan Army officer has received strategic-level education every two or three years. Unfortunately, that valuable program has now been suspended because of U.S. policy on the Rome Statute pertaining to the International Criminal Court (ICC). Under The American Servicemembers' Protection Act of 2002, countries who are signatories to the Rome Statute must sign a bilateral agreement with the U.S. agreeing not to extradite U.S. soldiers to the ICC in order to receive military assistance funding. The GOV is one of many countries which has refused to sign such an agreement, and has therefore lost military assistance funding. However, the legislation does not prevent Venezuela from receiving funds for counter drug operations. One example of such funding in use is SOUTHCOM's Joint Interagency Task Force (JIATF) South, which uses the Venezuelan Air Force in its mission to counter illicit drug trafficking operations in the region.<sup>47</sup>

The U.S. has many ongoing initiatives to increase the economic prosperity of Latin America. The U.S. is currently leading the effort to establish a Free Trade Area of the Americas (FTAA) to encourage trade and economic growth in this hemisphere, but this effort has been long and difficult, with no firm schedule for completion.

Although the U.S. supports many of the specific objectives of the GOV, such as raising the prosperity and standard of living of the Venezuelan poor, the Bush administration is certainly at odds with many of the left-wing, authoritarian and fiscally irresponsible methods that

President Chavez has used to try to meet those objectives. Examples include restricting the media and free speech and spending excessively on social programs to retain the political support of the country's poor.<sup>48</sup> Although Chavez's fiscal policies will eventually put a significant strain on the Venezuelan economy, recent increases in the price of oil to \$40-\$50 per barrel have provided enough government revenue to avoid an economic collapse in the short term.

One of the primary tools for expressing and executing this nation's policy in other countries is through U.S. ambassadors and the country teams that support them in embassies abroad. Because an ambassador is the U.S. president's personal representative in that country, the ambassador has a bully-pulpit from which to express the concerns of the U.S. and push for change. The U.S. has a new ambassador to Venezuela - William R. Brownfield, a career foreign service officer who was sworn in on 27 August 2004. This recent change presents an excellent opportunity for the U.S. to put a new perspective behind policy objectives and to give both parties a fresh start in areas where relations have become strained.

Ambassador Brownfield's background makes him an ideal choice as Ambassador to Venezuela during this critical time. He has a great deal of pertinent experience in Latin America, including service as the ambassador to Chile and previous assignments in Venezuela, Argentina and El Salvador. He served as Deputy Assistant Secretary of State for the Western Hemisphere (WHA), which gives him critical insight into processes within Washington DC and relationships between countries in Latin America. He also served at U.S. Southern Command (SOUTHCOM) and was the Director for Policy in the Bureau of International Narcotics and Law Enforcement Affairs, so he should have good understanding of the issues Venezuela faces with regional security and drug-trafficking.<sup>49</sup> He should also have a good understanding of how to use the interagency process to get things done, especially with SOUTHCOM and the rest of the Department of Defense.

The U.S. is using many regional and international organizations and forums to engage Venezuela in multi-lateral and bilateral relations to influence them to act in ways that support interests common to both countries. These include the conferences of the Ministers of Defense of the Americas; the Summits of the Americas; the Economic Commission for Latin America and the Caribbean (ECLAC); the Hemisphere Security Commission of the OAS; the UN Regional Center for Peace, Disarmament and Development in Latin America; the UNDP; and the Center for Hemispheric Defense Studies (CHDS), which trains civilian and military personnel in defense and security matters.<sup>50</sup> Additionally, the six nation "Group of Friends" was established in 2003 and is led by Brazil, with Chile, Mexico, Spain, Portugal and the U.S. taking part to resolve issues in recent elections.<sup>51</sup> The OAS, the Carter Center and the UNDP work together as "the

Tripartite Working Group” to help reinforce democratic processes in Venezuela and were also heavily involved in recent elections.

## **ALTERNATE COURSES OF ACTION**

U.S. policy with respect to Venezuela is aligned with national interests and is fairly well balanced between the various elements of national power – diplomatic, economic, military and informational, but it has not been effective in improving the situation in Venezuela. Over the past two decades, the U.S. has spent billions of dollars and significant manpower in the Andean region to stop the flow of drugs into the U.S. and promote regional security, stability, free markets and human rights. Yet, the region remains on the brink of collapse.<sup>52</sup> In Venezuela specifically, a country with more than 40 years of democracy is in crisis and the situation seems to be worsening rather than improving. Any down-turn in Venezuela's economic health could trigger a series of events that might lead to the end of democratic government. President Chavez has already shown that he is willing to move away from democratic processes to consolidate his power in the executive branch. So, what is the path forward that the U.S. needs to follow to promote freedom, stability, security and economic prosperity in Venezuela?

There are several possible alternative courses of action, including: staying on the current course (status quo); pulling back and letting the Chavez regime crumble from its own corruption and flawed policies; taking unilateral action to cause regime change; or finding new, more effective ways to work multilaterally to support security, democratic processes and economic growth in Venezuela.

Staying on the current course is not feasible because, as stated above, current policy is not working and the possible consequences of failure in Venezuela are too great. If democracy in Venezuela collapses, it will probably become a failed state. This will mean loss of freedom and democracy, increased poverty, increased drug trafficking, increased terror activity in ungoverned areas of the country, regional instability and loss of oil imports to the U.S.

This is also the wrong time for the U.S. to disengage from a leadership role in guiding Venezuela back onto the path of freedom and liberty. The U.S. government cannot risk the implosion of Venezuela simply because it does not want to support the Chavez regime. The disadvantages of this course of action include loss of international respect and loss of the opportunity to influence the future in Venezuela and the region. Some would argue that an advantage of this course of action would be a short term savings in resources, but this is a false economy since this is more likely to result in the failure of Democracy in Venezuela and the U.S. would have to invest much more to repair a failed state than to prevent such a failure.

During the height of the Cold War, a U.S. administration may have chosen to take unilateral action to oust Chavez covertly and try to replace him with a leader that would support U.S. policies. As an example, the U.S. government supported a coup in Chile in 1973 that toppled the leftist regime of President Salvador Allende.<sup>53</sup> The U.S. must avoid these kinds of tactics for several reasons. First, it is against U.S. values to overthrow a democratically elected leader of a sovereign nation that does not directly threaten the security of the U.S. Second, history shows that such actions always come back to haunt the U.S. in the long term. Any sign of such actions on the part of the U.S. will result in the loss of credibility and respect both for the U.S. and any Venezuelan opposition leader that the U.S. supported. If such a plot were discovered, President Chavez would use it to his extreme advantage to further consolidate his power and strip away more freedoms from the people of Venezuela in the name of protecting them from the U.S.

### **RECOMMENDED COURSE OF ACTION**

The only viable option for the U.S. in Venezuela is to find new, more effective ways to work multilaterally to support security, economic growth and democratic processes. The foundation of the current U.S. policy is sound but it needs to be strengthened and expanded to work more in concert with allies and international organizations with similar interests in the region. Our policy must start with common national interests that exist between the U.S. and Venezuela – peace, security, freedom, democracy, and a strong and stable Venezuelan economy. On issues where the GOV is straying from these common objectives, U.S. policy must use an integrated approach with strong unity of effort to work for improvement. Following are the key points of this recommended course of action.

The U.S. must take advantage of the opportunity of having a new, highly qualified and well-respected Ambassador in Venezuela to begin an expanded and renewed policy. Ambassador Brownfield must help build an effective interagency team including all the elements of U.S. national power and international and regional partners. As the State Department's lead in Venezuela, he is responsible for ensuring there is unity of effort between the different agencies operating in the region. He should look at the example being set in Afghanistan by Ambassador Zalmay Khalilzad, who is working very closely with U.S. Central Command (CENTCOM) and other U.S. government agencies as well as international organizations as that country begins to establish democratic processes.

The Venezuelan military's important roles in supporting democracy and combating drug trafficking and its potential role in combating terrorism argues for expansion of U.S. military

engagement with the GOV. Unfortunately, Venezuela's refusal to sign an Article 98 agreement with the U.S. has resulted in a halt to all military funding, including the crucial IMET funding that has been used to instill the concepts of civilian control of the military and the principles of human rights to foreign officers.<sup>54</sup> This means that senior Venezuelan officers will not be allowed to attend courses in the U.S. such as the Army War College and Command and General Staff College, where they can learn how the military properly functions to support democratic processes.

The U.S. government needs to reestablish unity of effort with respect to engaging foreign military forces. It is counterproductive and dangerous to blackmail countries for their position on the ICC by withholding IMET funding. Under the law that prevents IMET funding to countries like Venezuela, the U.S. government is still authorized to provide counter-drug funding to Venezuela. The U.S. government must take full advantage of this provision to stay engaged with the Venezuelan military to full extent authorized under the law.

The U.S. government should enhance the capabilities of the military elements in the embassy team in Venezuela and the other countries in the region. Ambassador Brownfield should analyze the capabilities of his military staff and strengthen and augment it as necessary to facilitate more regional military training and exercises between Venezuela, Colombia and Brazil. These will counter drug-trafficking activities in the area (ground and air) and terrorist or insurgency activities in the region. These efforts will improve sovereignty of the vast regions of southern Colombia that are under-populated and vulnerable to operations by drug cartels, terrorists and insurgents. Ambassador Brownfield should ask the SOUTHCOM Commander to assign a permanent liaison officer at the embassy to help manage military support activities and to facilitate communications with SOUTHCOM.

In combating drug-trafficking, the U.S. government must treat the Andean region as a system and not use separate strategies for each country in the region. As the situation improves in Colombia, the U.S. must be ready to shift and add resources elsewhere to prevent movement into other countries like Venezuela and Brazil.

The U.S. government must take away President Chavez's ability to use distrust and hate of the U.S. as a rallying point for his regime. The U.S. government should institute an information campaign aimed at reassuring the people of Venezuela (especially the poor) that the U.S. supports Venezuela's constitutional processes and wants a stronger, more stable and economically viable Venezuela. This must be done multilaterally, through regional organizations (both governmental and non-governmental), in order to succeed.

As part of this effort, the U.S. government must work to ensure the upcoming legislative elections (July 2005) and the next Presidential election (July 2006) are fair and free – better than the last elections and the referendum. The U.S. must not be perceived as acting unilaterally to influence these elections to elect someone more favorable for the U.S. The U.S. government must be part of an effective multilateral diplomatic and information campaign combined with international monitoring of these elections. This should help counter recent attempts in the Venezuelan legislature to silence the opposition by passing laws restricting media content.<sup>55</sup> This will also give a competent opposition the chance it needs to present a viable alternative to the Venezuelan people. If faced with an effective opposition in an environment of stability and security, Chavez might have to moderate his authoritarian approach if he hopes to win another term in the 2006 presidential elections.

Whether Chavez continues to build on the momentum he has enjoyed since the recall referendum and is reelected or he is defeated by the opposition, the U.S. needs to continue to support democratic processes in Venezuela. Popular participation in recent elections and the 2004 referendum indicates that Venezuelans want to preserve their democracy.<sup>56</sup> By reinforcing these values, the U.S. government can invest in the future stability of this region and help these people govern themselves.

In the area of economic ways and means, there are many promising approaches. The U.S. should continue to lead the effort to establish the FTAA, but this will take a long time to produce results. In the short term, the U.S. should lead the effort to establish an Andean Free Trade Region that would help strengthen the struggling economies in this troubled region. This would boost regional trade and promote the kind of free market economy that the U.S. supports in its National Security Strategy. Venezuela is interested in joining NAFTA, the North American Free Trade Agreement.<sup>57</sup> The U.S. should use diplomatic efforts to offer possible sponsorship of Venezuelan membership in NAFTA as a positive reward for effective economic reforms within the country.

Although some estimates show that Venezuela has restored oil production to levels seen prior to the national strike a year and a half ago, both the U.S. and Venezuela would benefit from increased capacity in the oil industry there. This would mean more revenues for Venezuela and increased supply for the U.S. The U.S. could facilitate new investments in the oil sector, which would also have a potential economic benefit for U.S. companies. The GOV wants to greatly expand the country's natural gas industry and use its plentiful reserves (estimated to be the 6<sup>th</sup> largest in the world) to build a modern and environmentally friendly

energy infrastructure that would provide inexpensive and clean energy to the country with additional gas available for export.<sup>58</sup> Both countries could benefit from such development.

## **SUMMARY**

It is definitely in the best interests of the U.S. to keep Venezuela as an anchor of democracy in this very troubled region and the U.S. government must act quickly and effectively to strengthen its policy to succeed in reaching that goal. The U.S. government must realize that political stability, security and economic prosperity are interdependent and that the most effective way to operate in Venezuela is with the coordinated support of regional partners, international organizations and Non-Governmental Organizations (NGOs). The U.S. must be prepared for various scenarios, including a slide to civil war and have plans in place for each of them. As U.S. National Security Strategy makes clear, the U.S. has many interests in Venezuela and the troubled Andean region and must use the approach outlined above to craft and execute an effective strategy to protect those interests.

WORD COUNT=5,947

## ENDNOTES

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<sup>2</sup> Hubert Herring, *A History of Latin America from the Beginnings to the Present*, 3<sup>rd</sup> ed. (New York: Alfred A. Knopf, 1972), 523.

<sup>3</sup> Department of State, "Background Note: Venezuela, Profile."

<sup>4</sup> Herring, 513.

<sup>5</sup> Department of State, "Background Note: Venezuela, Profile."

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<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

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<sup>11</sup> International Crisis Group, "Venezuela: Headed Toward Civil War?," ICG Latin America Briefing, 10 May 2004, 3; available from <<http://www.crisisweb.org/home/index.cfm?id=2738&l=1>>; Internet; accessed 17 September 2004.

<sup>12</sup> Department of State, "Background Note: Venezuela, Profile."

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<sup>14</sup> PRS Group, Inc., *Political Risk Yearbook 2004; South America, Volume 3*, Country Forecast, ed. Benedict F. McTernan (East Syracuse, NY: 2003), 34.

<sup>15</sup> Department of State, "Background Note: Venezuela, Profile."

<sup>16</sup> Ibid.

<sup>17</sup> Maisto.

<sup>18</sup> Mark Falcoff, *Venezuela: Raising the Stakes*, (Washington, D.C. American Enterprise Institute for Public Policy Research, November 2003), 1.

<sup>19</sup> Department of State, "Background Note: Venezuela, Profile."

<sup>20</sup> Stephen Johnson and Ariel Cohen, Ph.D., "Minimizing Mischief in Venezuela, Stabilizing the U.S. Oil Supply," *Backgrounder*, no. 1787 (12 August 2004): 1.



<sup>21</sup> Phil Gunson, "Allies of Chavez Named to Top Venezuela Court," *Miami Herald*, 15 December 2004, sec. A, p. 1.

<sup>22</sup> Andy Webb-Vidal, "Critics See Chavez's Grip Tightening as Venezuela's Supreme Court Expands," *Financial Times*, 15 December 2004, Americas Section, p. 10.

<sup>23</sup> "Venezuela's 'Revolution,'" *Washington Post*, Editorial, 14 January 2005, p. A18.

<sup>24</sup> *Ibid.*, 3.

<sup>25</sup> *Ibid.*, 34.

<sup>26</sup> *Ibid.*, 11.

<sup>27</sup> Department of State, "Background Note: Venezuela, Profile."

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<sup>29</sup> *Ibid.*, 7.

<sup>30</sup> *Ibid.*, 31.

<sup>31</sup> Falcoff, 1.

<sup>32</sup> PRS Group, Inc., 31.

<sup>33</sup> *Ibid.*, 22.

<sup>34</sup> Department of Energy, Energy Information Administration, "World Oil Market and Oil Price Chronologies: 1970-2003," available from <<http://www.eia.gov/emeu/cabs/chron.html>>; Internet; accessed 3 January 2005.

<sup>35</sup> Department of State, "Background Note: Venezuela, Profile".

<sup>36</sup> "Venezuela's 'Revolution'".

<sup>37</sup> PRS Group, Inc., 22.

<sup>38</sup> CIA World Factbook; "Venezuela," updated 14 September 2004; available from <<http://www.cia.gov/cia/publications/factbook/geos/ve.html>>; Internet; accessed 17 September 2004.

<sup>39</sup> PRS Group, Inc., 23.

<sup>40</sup> Department of State, "Background Note: Venezuela, Profile."

<sup>41</sup> Department of National Security and Strategy Course 2 Directive, "War, National Security Policy and Strategy"; Appendix I, Guidelines for Strategy Formulation (Carlisle Barracks: U.S. Army War College, Academic Year 2005), 160.

<sup>42</sup> George W. Bush, *The National Security Strategy of the United States* (Washington, D.C.: The White House, September 2002), passim.

<sup>43</sup> Department of State, "Background Note: Venezuela, Profile."

<sup>44</sup> PRS Group, Inc., 17.

<sup>45</sup> Secretary Colin L. Powell, "Democracy in Venezuela," State Department Press Release, 27 May 2004; available from <<http://state.gov/secretary/rm/32891pf.htm>>; Internet; accessed 29 September 2004.

<sup>46</sup> Richard Boucher, "Venezuela: Embassy Expands Democracy Promotion Efforts," State Department Press Release, 24 July 2002; available from <<http://state.gov/r/pa/prs/ps/2002/12131pf.htm>>; Internet; accessed 29 September 2004.

<sup>47</sup> Southern Command, "Army War College International Command Briefing," Tampa, 1 November 2004, slide 11.

<sup>48</sup> PRS Group, Inc., 18.

<sup>49</sup> State Department, "Biography: Ambassador William R. Brownfield," 9 September 2004; available from <<http://www.state.gov/r/pa/ei/biog/8903pf.htm>>; Internet; accessed 29 September 2004.

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<sup>53</sup> *Ibid.*, 17.

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<sup>55</sup> *Ibid.*, 14.

<sup>56</sup> *Ibid.*, 27.

<sup>57</sup> *Ibid.*, 26.

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